

**UNITED STATES DEPARTMENT OF AGRICULTURE**

Farm Service Agency  
Washington, DC 20250

**Notice FLP-15**

1941-A, 1943-A, 1945-D

**For:** FSA Offices

**Financing Personal Vehicles**

**Approved by:** Acting Deputy Administrator, Farm Loan Programs



**1 Overview**

**A**

**Background**

FmHA Instruction 1941-A, section 1941.19(c)(5); FmHA Instruction 1943-A, section 1943.19(d)(4); and FmHA Instruction 1945-D, section 1945.169(d)(4), specifically state that a lien shall not be taken on personal vehicles necessary for family living and farm operating purposes.

FmHA Instruction 1941-A, section 1941.19(a)(1); FmHA Instruction 1943-A, section 1943.(b)(1); and FmHA Instruction 1945-D, section 1945.169(a)(1), require that a first lien be taken on all property or products acquired, produced, or refinanced with loan funds and property that cannot be included in a real estate lien.

These 2 requirements taken together prohibit FSA from financing all personal vehicles. These requirements do **not**, however, restrict FSA from financing vehicles which are used the majority of the time or exclusively for farm operating purposes, if FSA is able to perfect a first lien on the vehicle financed.

**B**

**Purpose**

This notice:

- reminds State and County Offices of the prohibition against making loans for personal vehicles
- outlines the steps to be taken when making a loan for vehicles which are used majority of the time or exclusively for farm operating purposes

**Disposal Date**

December 1, 1999

**Distribution**

All FSA Offices; State Offices relay to County Offices

## Notice FLP-15

### 2 Action

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#### A

#### Loan Approval Officer Action

Loan Approval Officers **shall not**:

- approve loans on personal vehicles used for family living or farm operating purposes
- take a lien on a personal vehicle.

Loan Approval Officials **may** approve loans for the purchase, repair, or refinancing of vehicles used for farm purposes when the official:

- verifies and documents that the vehicle shall be used the **majority** of the time or **exclusively** for farm operating purposes

**Note:** The income tax treatment of a vehicle is a good indication of its use. If the vehicle is or will be depreciated as a farm asset, FSA financing is authorized.

**Example:** Grain or livestock hauling trucks, vehicles needed to pull wagons or livestock trailers, a pickup used exclusively for farm business are all examples of farm operating purposes.

- documents the **need** for the purchase, repair, or refinancing
- thoroughly documents that other credit is not available from usual sources, including dealers and banks

**Note:** When a vehicle is being purchased, dealer and bank financing is usually readily available, often at very low rates.

- documents that the vehicle being purchased, repaired, or refinanced is **modest in size and utility** and meets the **need** of the operation.

A security interest in the vehicle shall be perfected according to State laws. State Instructions to FmHA Instruction 1941-B shall specify the procedure to perfect a lien on a motor vehicle.

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#### B

#### Contact

State Offices with questions about this notice may contact Chuck Ropp or Mike Hinton, LMD, at 202-720-1472.

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